Lesson 10

Organizing for Process Improvement

Introduction

"Where do we begin?" "How many teams will we need?" "Who should be on the teams?" The answer to these and many related questions has perplexed many a leadership group, and has even lead to some false starts as a result of the wrong decisions being made. **The intention of TQL is to improve the "significant internal processes" of the organization.** These processes are often overlooked when leaders begin organizing their quality structure. The tendency is to organize around lower level processes in need of a "quick fix." **The best organizations have demonstrated that the real benefit results from improving significant processes.** This lesson is about organizing improvement efforts around significant processes.

Objectives

Upon completion of this lesson, the student will be able to:

- **Describe why organizing around significant processes is important.**
- **Describe a recommended method for identifying primary customers, products, and core processes around which the improvement teams should be structured.**

"History has shown that reorganization by itself does not necessarily improve anything if the leaders do it without an understanding of how work gets done."
Laurie O'Leary, *Curing the Monday Blues* A U.S. Navy Guide for Structuring Cross-Functional Teams

Process Improvement vs. Problem Solving

Before we begin our discussion on organizing around significant processes we should discuss a pitfall to using TQL to solve problems vice improve processes.

> The following are excerpts from an article **"The problem with problem-solving"** by Dr. Archester Houston in TQLO publication 96-01 *Visions,* Some emphasis marks have been added.

"Organizational transformation through TQL requires knowledge, discipline and commitment. Unfortunately there are some who balk at these requirements and seek quick and easy solutions. These solutions are typically presented by their adherents as 'what TQL really is all about.' The promotion of **unfocused** problem solving is representative of such a solution."

"It is true that problem-solving is an important aspect of quality improvement, but it is not the "totality" of TQL. **Over-reliance on it can cause an organization's efforts at transformation to denigrate into maintaining the status quo at best. At worst, it can transform TQL efforts into actions without aim.**"

Despite warnings that TQL requires long-term commitment and participation of leadership, some leaders press for quick results. **They want to get started and do something.** They are action oriented, ready to jump from the "Plan" phase of the Plan-Do-Check-Act cycle to the "Act" stage in their eagerness to bring about desired change. They ignore the requirement to determine customer product and service needs, or what is required to break down the barriers between departments or functions. They become impatient with the essential steps in meeting customer needs and promoting continuous process improvement

In their efforts to produce change, some leaders decide to rely on problem-solving as their approach to quality improvement. This over-reliance on problem solving is often coupled with exhortations disguised as "empowerment." Empowerment seems to be roughly defined as telling individuals to "do what you think is right," without specific changes in authority or resource control. **Improving quality becomes just "look around and correct things that are wrong."** The underlying assumption appears to be that the resulting isolated efforts will combine to create major quality improvements. **Such an approach relies heavily on luck, not leadership.**

Although problem-solving as a quality approach has several appealing features--it can be started quickly, requires minimum resources, and can involve everyone in a short time--there are significant negative aspects to focusing on problem-solving instead of process improvement.

Problem solving efforts have a tendency to ignore the inter-relationship of process operations.

Due to current management styles that do not promote cross-functional thinking, there is often an assumption that one operation or one characteristic of an operation is the major contributor to product or service quality. Such an assumption ignores the effects on quality of any previous operations, and the contributions to quality of subsequent ones.

Ignoring the inter-relationships of process operations, individual problem-solving efforts can result in a host of difficulties. Wasted resources, internal competition, confusion, and sub-optimization are a few of the possible consequences.

Sub-optimization occurs when individuals or depatments maximize their short-term gains to the long-term detriment of the system. It is very difficult to deal with since it looks like the right thing to do from an individual's viewpoint and is a frequently rewarded behavior. Without adequate understanding of process inter-relationships, a "solution" for operation A can increase the difficulties for operations B, C, and D.

When individuals are encouraged to start problem solving in an organization that does not have a culture supportive of risk-taking, they are likely to play it safe. This can result in superficial changes to processes or systems. A common complaint in such organizations is, "There is a lot going on, but we have nothing to show for it." A large part of this complaint is due to the nature of problem-solving.

Problem-solving is usually a set of activities intended to correct some fault. These activities might involve such efforts as providing a substitute product to a customer or tampering with a machine setting. Typically, problem-solving is used as a "control" tool to keep a process from getting worse, or to keep performance at an established standard. While this supports the status quo, it does not lead to the major, continual search for improvements and innovations desired by leaders.

Improving the System

> **"Any substantial improvement must come from action on the system, the responsibility of management."** **(W. E. Deming,** *Out of the Crisis* **1986 P.7)**

Some organizational leaders tend to confuse the terms "systems" and "processes", often using them interchangeably. *There are significant advantages for organizational leaders and TQL coordinators that make the distinction.*

A system differs from a process is several ways;

$\Rightarrow$ A system is broader in nature.
$\Rightarrow$ A system is composed of multiple and diverse kinds of processes.
$\Rightarrow$ The flow of work in a "system" is not simply sequential, from one operation or process to another. Processes are interdependent and influence each other in what can be a complex tangle of relationships. Complex systems are not easy to characterize or diagram with flow charts.

As you learned in *Fundamentals of TQL*, the dominant management approach adopted to accomplish work has been **hierarchical.** As you also learned, due to its functional focus, this approach has several major shortcomings, (i.e. narrow accountability, constrained communication, and disconnectedness from the **aim** of the organization). **Hierarchical management is not effective with the complex systems of today.** The deficiencies of hierarchical management are rooted in the lack of training to provide leaders with the ability to think of their organizations in terms of cross-functional systems, **the horizontal flows that serve customers**.

Many managers don't understand their businesses. . .*they often don't understand, at a sufficient level of detail, how their businesses get products developed, made, sold, and distributed*. We believe that the primary reason for this lack of understanding is that most managers (and non-managers) have a fundamentally flawed view of their organization. When we ask a manager to draw a picture of his or her business (be it an entire company, a business unit, or a department), we typically get something that looks like the traditional organization chart.
Rummler and Brache, *Improving Performance, How to Manage the White Space on the Organization chart*. 1990, Josey-Bass Publishers

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The problem with the view of an organization described above by Rummler and Brache is that **when leaders and managers view an organization in this manner they tend to manage it that way**. If an organization is to be effective in these tumultuous times, a new view and a new way of managing must be embraced. The new view of the organization must initially focus on the system, and then the processes that comprise it.

The Cross-Functional Systems Approach

We stated earlier that a "system" can be characterized as consisting of multiple and diverse kinds of processes. Rummler and Brache have even gone so far as to describe organizations of today as "processing systems." **Though there are many approaches to quality and productivity *improvement*, the concept of cross-functional process management and *improvement* is a constant.**

> "**An organization is only as good as it's processes**. To manage the performance variables at the process level, one must ensure that processes are installed to meet customer needs, that those processes work effectively and efficiently, and that the process goals and measures are driven by the customers and the organizations requirements."   Rummler and Brache, *Improving Performance*, Josey-Bass, 1990

The key to the cross-functional approach is to assign ownership which redefines roles and responsibilities in terms of the system. **That manager or leader begins to recognize that they do not bear the same responsibilities (to a singular function) as before but now have responsibilities for coordinating several functions to achieve a "systems" goal.** The implications are considerable for the organization and the leaders tasked to lead it.

In a typical DoN organization, if money constraints arise, the response has normally been to issue mandates to either select departments or all departments to find ways within themselves to reduce costs. The actions that result, typically are internally focused, do not adequately consider effect on other parts of the organization, foster competition, and may even be taken to intentionally hamper the efforts of other parts of the organization. Under the cross-functional management approach, the process owners, in charge of several functions which comprise a singular "significant" process, are uniquely positioned with systems knowledge, data, and connectivity to the customer to make a better decision. What the organization hopes to achieve in "improving mission performance" can only be accomplished through logical, quality driven significant processes and shared responsibility for improvements.

There are many general approaches to organize your cross-functional processes and each can help you achieve some benefit. Most are built around the end result of the process (i.e. product, customer, etc.). The Department of the Navy has adopted TQL to improve mission performance by improving quality as "defined by the customer." **One of the most dynamic ways to organize the horizontal flow of work is make the customer the focus.** Through cross-functional teams focused on customers the organization gains;

> ⇒ **An awareness of the value that their work adds to the customer and the system.**
>
> ⇒ **More cooperation, less competition.**
>
> ⇒ **Optimized use of resources.**
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> ⇒ **Systemic learning.**
>
> ⇒ **Adaptability/flexibility.**
>
> ⇒ **A greater sense of what quality really is, because it is defined by the real authority, the customer.**

A Method For Organizing Around Significant Cross-Functional Processes

There are a number of methods that enable organizations to organize around significant cross-functional processes. Use one that fits your organization and its needs. The following method has been used successfully by several DoN organizations.

Note: The following process is provided for organizations that are just beginning their quality efforts and are below echelon two.

- **Step One - Write or validate the command's mission.**

This statement of purpose is key to everything else that the ESC will decide. Lesson 8 provides direction on how to build a "Customers, Products, and Processes Matrix."

This matrix is a visual representation of a mission statement. Thus the final step in validating the mission is to compare the elements within the matrix to the written mission statement. They should match in content: *What* you do is the product or service provided, *who* you do it for is the customer, and *how* you do it is the process.

- **Step Two - Define the organization as a system**

Having validated the mission, it is time to tie together the mission of the organization with process management. The aim of this step is to develop a *systems* view for "managing the white spaces in the organization" (Rummler and Brache, 1991). The white spaces are the spaces between the functional stovepipes of the organization, through which significant processes pass, and which are typically not managed well. It is at this point that the cross-functional, systems view comes to life for the members of the ESC. The process for developing the systems view is described below.

First: Draw on a chartpak or board enough columns to represent the functional areas of your organization. **Be sure to leave a space between the columns.** Label each column (in the DoN these are usually departments). Figure 10.1 is presented to give you an example.

| OP | MAIN | SUP | ADMIN |

Figure 10.1 Functional Areas
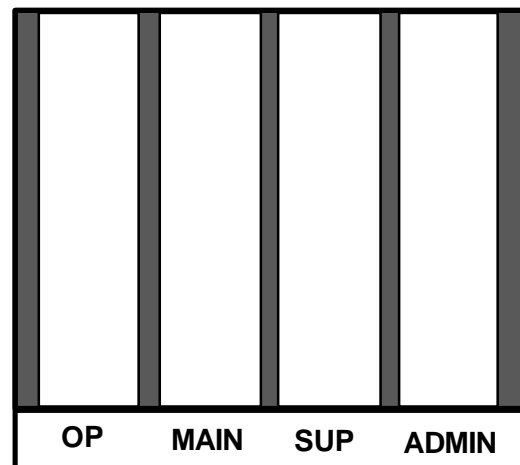
Second, transfer to this functional chart the significant processes identified in the "Customers, Products, Processes Matrix." List them in priority order up the vertical axis. The chart should look something like Figure 10.2.

| | OPS | MAINT | SUPP | ADMIN |

Collect and Report

Provide Training

Consult On-site

Figure 10.2 Horizontal Application of Significant Processes
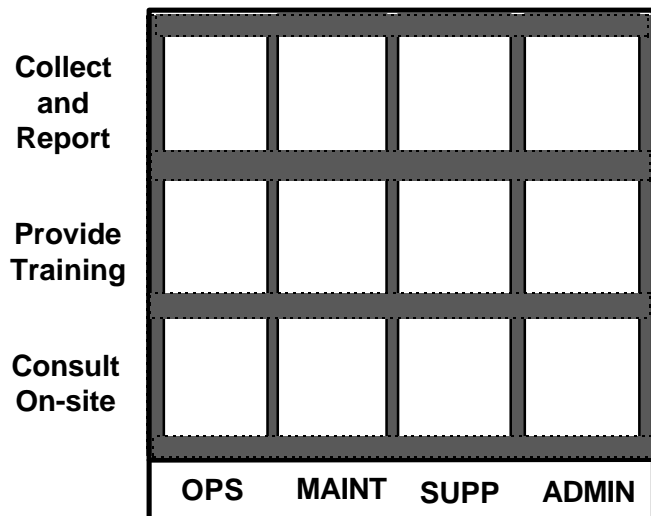
Third: Construct a **macro-level** flow chart of the significant processes across the functional stovepipes of the organization as shown in Figure 10.3.

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OPS   MAINT   SUPP   ADMIN

Figure 10.3 Determining the Horizontal White Spaces
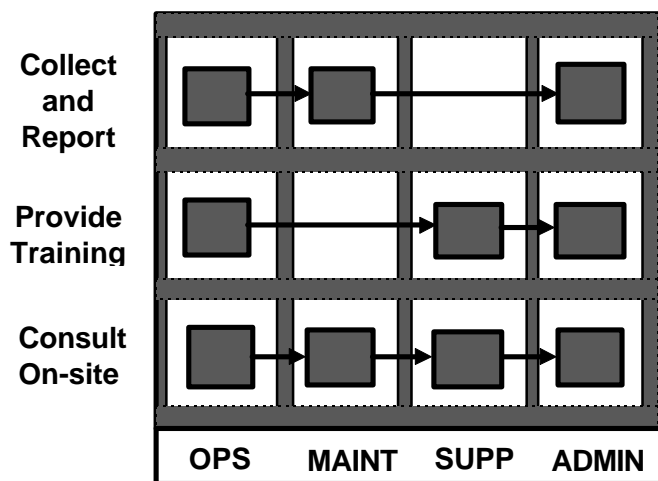
Congratulations! You've matched your significant processes to the parts of the organization they effect. This diagram provides a bluepprint for organizing your process improvement efforts.

The result of the exercise is a dramatic visual lesson in the importance of cross-functional coordination to manage significant processes. Typically, no one is managing the critical interface points of the process as it passes between functional areas. Ask the ESC, **"Who is managing the white space through which these important processes pass?"** Organizations whose ESC's understand the importance of managing these "white spaces," will immediately recognize the value of this picture and be able to use the diagram to determine where they need cross-functional teams of process owners. They will also know who needs to be on each team. In this example, the "Collect and Report Data" QMB would be composed of the process owners from the Operations, Maintenance, and Administration departments. In DoN organizations, this diagram should form the basis for the structure and management of QMB's.

Cross-Functional Teams, Leadership And Hierarchy

Having determined which cross-functional teams are appropriate to start, those teams must now be turned over to process owners to be improved, ***but*** just because we have organized cross-functionally, doesn't mean **the hierarchical structure, and its complexity, has gone away.** Issues of power, authority, resource allocation, goals and objectives, and reporting relationships may still complicate efforts to improve systems/processes. The task of improvement can be overwhelming for process owners who have been raised and trained in the hierarchical system. **These managers must learn to envision their organizations in new ways.** Patience and support is required by the Top Leader, ESC, and TQL coordinator in fostering learning, and promoting actions appropriate to the new culture.

Lesson 10

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Summary

- **Working to improve significant processes is different than problem solving.**
- **Improving the system through process management is the DoN approach.**
- **An organization is only as good as its processes.**
- **The Customers, Products, Processes Matrix can be used to help identify cross-functional, significant processes.**

Readings

Goldratt, E. and Cox, J. *"The Goal"* North River Press, 1984

Houston, A. *"The Problem with Problem-Solving"* Voices, TQLO, 1996.

O'Leary, L*. "Curing the Monday Blues: A U.S. Navy Guide for Structuring Cross Functional Teams"*. National Productivity Review

Rummler, G. and Brache, A. "*Managing the White Space*" Training Magazine Jan. 1991

Rummler, G. and Brache, A. *"Improving Performance- Managing the White Spaces "*